

Making the World a Healthier Place

OUR 2020 SUSTAINABILITY REPORT

OUR VISION

Our two sustainability objectives remain the same as we look to the future:

- Providing innovative solutions for the health and nutritional needs of the world
- Operating with excellence as strong stewards of our employees, customers, shareholders, and communities (our stakeholders)

Our vision is clear – to make the world a healthier place. Every day, Balchem is delivering trusted solutions that enhance health and

nutrition through science. One of our proud accomplishments is that we were able to impact 1.4 billion people around the world this year through human nutrition products and through people being fed by animals supplemented with our vital nutrients.

Our Sustainability Framework focuses on the most critical Environmental, Social, and Governance (ESG) topics relevant to our business and stakeholders. This report highlights our efforts within three pillars: People, Planet, and Profit. We welcome you to join our sustainability journey as we help make the world a healthier place.

Our Sustainability Framework



1.4 Billion People Reached in 2020

The total number of people impacted is calculated by the annual consumption of protein and the daily recommended doses of minerals, essential nutrients, and vitamins.

MEASURING OUR PROGRESS

Making
the World
a Healthier
Place



PEOPLE



PLANET



PROFIT



1.4 billion – number of people reached per year



10.8 billion – number of animals reached per year



28.2% – revenue from products developed in the past five years



1.04 – total recordable injury rate (TRIR)



3.75 GJ/ton – energy intensity (GJ of energy per ton of product produced)



\$703.6M – total revenue

76,802 (CO₂e metric tons) – scope 1 and scope 2 GHG emissions



26% – hourly employee turnover
7% – salary employee turnover



12.57 (CBM) – water intensity (cubic meters of water withdrawal per metric ton of product produced)



\$174.2M – adjusted EBITDA**

0.06% – water withdrawal from regions with high or extremely high baseline water stress



77% males, 23% females – employee diversity



99% – hazardous waste reused or recycled



\$84.6M – GAAP net earnings

\$2.60 – GAAP earnings per share

75% – hazardous material suppliers audited in the last 3 years*



75% – R&D focused on health and nutrition



100% – of palm oil sourced through RSPO (mass balance)



138% – free cash flow conversion

37% – raw materials from renewable resources



100% – manufacturing sites with local community engagement efforts



0 – product recalls



15.7% – 5-year total shareholder return (TSR) vs Russell 2000 Index

Note: Scorecard metrics represent priority focus areas, but additional metrics may be disclosed to satisfy analyst needs. The number of people reached is calculated by the daily recommended dose of vitamins and annual consumption of protein in 2020. *Balchem defines hazardous materials as ethylene oxide, trimethylamine, hydrochloric acid, anhydrous ammonia, propylene oxide, and carbon disulfide. **Adjusted EBITDA is defined as earnings before interest, other expenses/income, taxes, depreciation, amortization, stock-based compensation, acquisition-related expenses, indemnification settlements, legal settlements, and the fair valuation of acquired inventory.

PRIORITY SUSTAINABLE DEVELOPMENT GOALS



ZERO HUNGER

We have positively impacted over 1.4 billion people with our health and nutrition-based products.



GOOD HEALTH AND WELL-BEING

“At our core, we are a health and nutrition company.”

— Ted Harris, Chairman and CEO



GENDER EQUALITY

Balchem is committed to improving diversity and building an inclusive culture throughout our company.



CLEAN WATER AND SANITATION

Balchem both completed and launched several projects to conserve and recycle water in 2020.



AFFORDABLE AND CLEAN ENERGY

We are continuously looking for ways to improve our energy efficiency and reduce our environmental impact.



DECENT WORK AND ECONOMIC GROWTH

We believe that protecting the safety, health, and welfare of our employees and communities is the right thing to do.



RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to responsible raw material sourcing and are continuously looking for ways to improve our energy efficiency and reduce our environmental impact.



CLIMATE ACTION

By 2030, Balchem commits to reduce our greenhouse gas (GHG) emissions and global water usage by 25%, versus our 2020 baseline.



PARTNERSHIPS FOR THE GOALS

In 2020, Balchem joined the United Nations Global Compact, confirming our support of their Ten Principles on human rights, labor, environment, and anti-corruption.

OUR 2030 ESG GOALS

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7 AFFORDABLE AND CLEAN ENERGY



6 CLEAN WATER AND SANITATION



EMISSIONS REDUCTION

Balchem commits to reduce our GHG emissions by

25% 

OPPORTUNITY EXAMPLES



Process improvements in spray drying by increasing feed solids



Reduce drying with product design (e.g., ReaShure®-XC)



Major consumer efficiency improvements (e.g., modernized boilers)



Use of renewable energy sources (e.g., Grimbergen solar project)

WATER CONSERVATION

Balchem commits to reduce our global water use by

25% 

OPPORTUNITY EXAMPLES



Eliminate "once through" cooling water systems in Marano and Verona sites



Reduce water use in clean in place (CIP) systems with improved utilization and change to dry clean options



Condensate recovery systems